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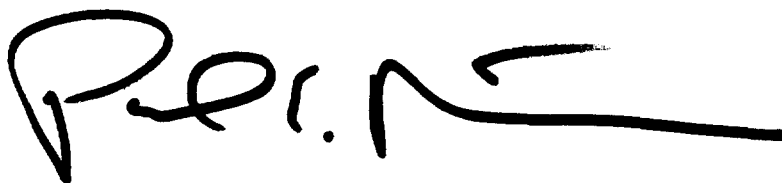
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

re: Ex Parte Presentation
MM Docket No. 87-268

Dear Mr. Caton:

Pursuant to the Section 1.1206 of the Commission's rules, two copies of a written ex parte presentation to Commissioner Ness are enclosed for inclusion in above-captioned docket file.

Sincerely yours,



Paul E. Misener
Manager, Telecommunications and
Computer Technology Policy

Enclosure

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October 30, 1996

BY FACSIMILE AND U.S. MAIL

Honorable Susan Ness
Commissioner
Federal Communications Commission
Room 832
1919 M Street, NW
Washington, DC 20554-0001

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OCT 31 1996

re: Industry Negotiations on the Proposed FCC ATV Standard

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Commissioner Ness:

This letter is in response to your request that we report to you a schedule of meetings with representatives of parties interested in the ATV standards issue. Our companies plan to hold our initial meeting with broadcasters and consumer electronics manufacturers on Monday, November 4th, and a follow-up meeting on Wednesday, November 6th. Other meetings, if necessary, will be scheduled at that time and will be reported to you.

As shown in the enclosed press release, we have taken seriously your call to meet with the other parties and to work in good faith to resolve our differences in a manner that provides the American consumer with a world-class, computer-friendly broadcasting system. In contrast to our commitment to negotiation and compromise, there were deeply troubling public statements issued earlier this week by the National Association of Broadcasters (press release enclosed). Indeed, the broadcasters strongly implied that they are not willing to negotiate in good faith or compromise.

Although we sincerely hope that, in the best interests of American consumers, broadcasters will negotiate and compromise as necessary to agree to the optimum technical solution, we ask that you maintain close contact with our ongoing discussions to ensure that this excellent opportunity for solution is not lost.

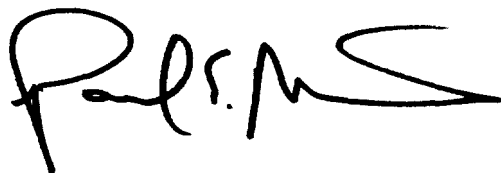
Sincerely yours,

/pem

Jim Burger for
Apple Computer, Inc.

/pem

Jeff Campbell
Compaq Computer Corporation



Paul Misener
Intel Corporation

/pem

Jack Krumholtz
Microsoft Corporation

cc Chairman Reed E. Hundt
Commissioner James H. Quello
Commissioner Rachelle B. Chong

Americans for Better Digital TV

FOR IMMEDIATE RELEASE

Monday, October 28, 1996

FOR MORE INFORMATION

See attached contact list

ENTERTAINMENT, HIGH TECH, AND CONSUMER GROUPS CALL FOR RESOLUTION OF DIGITAL TV STANDARD

WASHINGTON, D.C., October 28, 1996 – A coalition of film and entertainment leaders, high technology companies, and consumer advocates today called on TV broadcasters to modify their controversial digital television proposal.

The coalition is endorsing calls by the White House and FCC for a cooperative solution that would give consumers greater choice, pictures and sound faithful to the original, and better technology at a more affordable price.

Meanwhile, supporters of the “Grand Alliance” standard today are in closed-door sessions in Washington, D.C. organized by the broadcast industry.

“The White House and FCC have sent a clear message to all sides: get together and agree on digital TV standards that are good for consumers,” said Oscar Award-winning actor Richard Dreyfuss. “It’s time for broadcasters and TV set manufacturers to work with us to resolve the serious problems with the proposed ‘Grand Alliance’ standard.”

Leaders from film, entertainment, high tech and consumer groups have warned that adoption of the entire “Grand Alliance” proposal would unnecessarily cost consumers billions of dollars, lock-in inferior technology, slow the convergence of television and personal computers, reduce competition, and continue showing movies on TV in an inferior fashion.

The coalition, Americans for Better Digital TV, reads like a “who’s who” list of entertainment and high technology companies and organizations.

The Americans for Better Digital TV coalition includes: the Directors Guild of America; the Computer Industry Coalition on Advanced Television Service; the Media Access Project; the International Photographers Guild, Local 600, AFL-CIO; the American Society of Cinematographers; Digital Theater Systems, LP; the Todd-AO Corporation; Artist Rights Foundation; Panavision International, LP; the American Homeowners Foundation; the Computing Technology Industry Association; the Business Software Alliance; and a number of computer hardware and software companies including Compaq Computer Corporation, Apple Computer, Inc., Intel Corporation, and Microsoft Corporation.

Hundreds of Hollywood directors, cinematographers, actors and producers have joined the effort, including Steven Spielberg, Clint Eastwood, Arthur Hiller, Martin Scorsese, Dustin Hoffman, Sydney Pollack, and Robert Zemeckis.

“We are ready to work with other industries to find a common approach,” said Eckhard Pfeiffer, President and Chief Executive Officer of Compaq Computer Corporation. “I feel certain we can find solutions that are broad enough to suit the needs of all the players, and forward-looking enough to enable future applications.”

Senior Administration officials, including President Clinton, have called on both sides to resolve their differences. “The best standard would be one developed by and supported by all the affected industries, which could then be endorsed by the FCC,” the President said in the September 23, 1996 issue of *Broadcasting & Cable*. “We want to make sure that there are no roadblocks to future compatibility between television and computers.”

“This new technology will let us show movies at home as they are seen in the theaters,” said distinguished director Martin Scorsese, a vice president of the Artist Rights Foundation. “We will no longer have to tolerate the mutilation of films when they are shown on TV.”

“We strongly support efforts to bring digital television to American homes,” said Bill Gates, Chairman and CEO of Microsoft. “Unfortunately some critical parts of the ‘Grand Alliance’ proposal would unnecessarily slow the convergence of PCs and televisions. Getting these standards right is vital to achieving the digital future where consumers will be able to watch television on their PCs or access the Internet from their TVs.”

“Making the right decisions on audio and video standards are not only in the best interests of consumers and the creative community but will be essential to the continuing competitiveness of broadcasters as technology advances. The failed attempt to establish a conventional analog HDTV standard in a rapidly evolving technical environment should be a lesson to all concerned,” said Terry Beard, Chairman of Digital Theater Systems.

“Progressive scan is already the standard for the computer industry and we expect it to also become the standard for other consumer electronics, such as television,” said Dr. Donald Norman, Vice President of Research at Apple Computer, Inc. “Rather than lock in old technology, new digital TV standards should allow the greatest flexibility for innovation and technological development.”

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Americans for Better Digital TV

Contact list:

<http://www.dga.org/dga>

American Society of Cinematographers, Bob Fisher – (619) 438-5250

Apple Computer, Inc., Russell Brady – (408) 974-6877

Artist Rights Foundation, Chuck Warn – (310) 289-5333

Business Software Alliance, Diane Smioldo, – (202) 872-5500

Compaq Computer Corporation, Nora Hahn – (713) 514-8316

Computer Industry Coalition on Advanced Television Service, Kevin DiLallo –
(202) 223-4980

Digital Theater Systems, LP, Susie Golin – (818) 706-3525

Directors Guild of America, Chuck Warn – (310) 289-5333

Intel Corporation, Paul Misener – (202) 626-4382

International Photographers Guild, Local 600, AFL-CIO, Bob Fisher –
(619) 438-5250

Media Access Project, Gigi B. Sohn – (202) 232-4300

Microsoft Corporation, Mark Murray – (206) 936-3306

Panavision International, LP, John Farrand – (818) 316-1000

Todd-AO Corporation, Karen Gold – (818) 905-8818

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NEWS

National Association of Broadcasters
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Washington, DC 20036-2891

DIGITAL TELEVISION PROPONENTS CHARGE THAT OPPONENTS OF UNIVERSAL STANDARD ARE ANTI-COMPETITIVE

Urge FCC To Adopt Proposed Standard By Thanksgiving

WASHINGTON, DC, October 28, 1996 — Broadcasters, electronics manufacturers and consumers today charged that Microsoft and a handful of other computer companies are blocking competition and progress in digital television. They called upon the Federal Communications Commission to approve by Thanksgiving a consensus universal broadcast standard developed over the past decade.

"It's been eleven months since the FCC Advisory Committee on Advanced Television Service submitted a flexible digital TV plan that addresses private sector concerns. Now we are being held up at the eleventh hour by a single group that wants to stifle competition," said National Association of Broadcasters President/CEO Edward O. Fritta. "Until the FCC adopts a digital standard, America's lead in digital television technology is at risk, and so are the tens of thousands of jobs for Americans who will bring the new technology to the public."

The flexible digital plan was developed by the Advanced Television Systems Committee (ATSC) in response to an FCC request for an industry consensus on a broadcast transmission standard for digital television (DTV). The ATSC standard is based on three basic video scanning formats (each with several screen-shape and picture-rate options). Those formats accommodate both the progressive scanning used by the computer industry and television's international standards, which all use interlaced scanning. The combination of formats allows broadcasters to smoothly make the transition to high definition television (HDTV), while providing consumers with the most flexible data and picture transmission technology known to mankind.

"Free broadcast television is perhaps the last great common American experience," said Neil Braun, president of the NBC television network. "For 50 years, Americans have known that the set they buy in Los Angeles will work in New York and will keep working for years no matter how technology changes. We stand at the threshold of a breathtaking advancement in the quality and potential of television to bring even more information, entertainment and now interactive services into American homes."

"I believe adoption of the digital TV standard will unleash a new wave of technology investment as did the addition of color to television," said Joseph P. Clayton, executive vice president of Thomson Consumer Electronics and chairman of the Consumer Electronics Manufacturers Association.

- more -

Representatives of the computer, cable and broadcast industries fully participated in the development of the ATSC universal digital TV standard. The decision to forward the standard to the FCC for adoption was made without a dissenting voice on November 28, 1995.

Recently, a handful of computer companies and Hollywood film makers objected to the large number and diversity of transmission formats included in the ATSC standard. Yet ATSC added many of the additional progressive scanning formats specifically at the behest of the computer industry. The ATSC standard actually includes three times as many progressive as interlaced formats (the type now used by broadcasters). In fact, the ATSC standard is the most computer-friendly digital television system on the planet, far more so than the European Community's competing Digital Video Broadcast standard (interlaced only) that is being heavily marketed around the world while the FCC delays approval of the ATSC standard.

Microsoft and few other computer companies are now promoting a separate, untested and ill-defined proposal that is intended to support video transmission to today's computers but makes no attempt to provide interoperability with other video service providers, such as cable, satellite and home playback devices. The biggest problem with the computer companies' proposal is that it has no proven capability or even a viable concept for incorporating HDTV -- in fact, similar approach in Europe and elsewhere have been abandoned as too complex and technically inefficient. As a result, the computer companies' proposal would threaten viewers' access not only to digital-quality free broadcast programming, but also to future information services that could be offered over the airwaves to compete with services now available through computer technology.

The NAB's Fritts added, "This 11th-hour attempt by Bill Gates and a few computer companies to scuttle this standard is anti-competitive and self-serving. Consumers want the certainty of free TV. They don't want to be forced to buy new computers and software every year just to watch their favorite TV programs, and they don't want to be left wondering if their computers will crash in the middle of the evening news. That could happen if computers ultimately become the delivery vehicle for American television."

Digital tv provides an extraordinary improvement in picture and sound quality. It also offers the potential for vastly expanded broadcast formats, interactive services and the eventual return to the public domain of large amounts of the analog spectrum currently used by broadcasters.

The ATSC standard is not a government created standard. It is the result of the unprecedented cooperation of a team of 1000 experts from all the various sectors affected.

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